WORKERS' COMPENSATION BOARD - ALBERTA

ANNUAL REPORT

91-05803/

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THE WORKERS' COMPENSATION BOARD
ALBERTA

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VERN MILLARD
CHAIRMAN of the
BOARD OF DIRECTORS

The Lieutenant Governor in Council,
Province of Alberta,
Edmonton, Alberta

Your Honour,

In accordance with Section 87, Subsection (2) of the Workers' Compensation Act, The Workers' Compensation Board is pleased to present its annual report for the year ended December 31, 1990.

Vern Millard
Chairman of the Board of Directors

Kenneth C. Pals
President and Chief Executive Officer

MISSION

To serve workers and employers by reducing injuries, compensating workers while disabled and rehabilitating to re-employment or self-sufficiency.

GOALS

- To reduce workplace injuries
- To replace wages lost as a result of workplace injury
- To achieve early re-employment of injured workers
- To achieve early restoration of pre-accident independence
- To manage resources with fiduciary care

Mission, Goals and Principles

PRINCIPLES — HOW WE SERVE

- Uncompromising ethics
- Whole person rehabilitation
- Commitment to problem-solving
- Integrated service delivery
- Client satisfaction
- Benefit of doubt goes to worker
- Client-centered focus
- Innovative partnerships
- Early identification and intervention
- Open communication

SUMMARY OF ACTIVITIES 1990

Number of claims reported	64,503
Reopened claims	8,311
Disallowed claims (rejected)	9,084
Disability awards	2,902
Fatalities accepted	120
Claim costs (in millions)	$360.3
New claim appeals	2,096
Registered employers	61,483
Industry accounts	65,980
Assessment revenue (in millions)	$417.0
Average assessment rate	$1.86
Unfunded liability (in millions)	$469.8

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JOINT INTRODUCTION BY THE CHAIRMAN AND THE PRESIDENT

We are pleased to report to our stakeholders the activities of The Workers' Compensation Board-Alberta.

In 1990, the WCB, continuing the change process which began in 1989, demonstrated its ability to develop and integrate new approaches to workers' compensation. We provided improved service to workers and employers, and moved closer to meeting the recommendations outlined in the 1988 Millard Task Force Report. The Work Injury Reduction Program, Case Management, a revised assessment registration system, our internationally recognized Rehabilitation Centre, vocational rehabilitation services, and advanced information technologies, together resulted in an effective combination of programs and resources, maximizing service to our stakeholders.

Our efforts were acknowledged with an award from the Institute of Public Administration of Canada (IPAC), which, for the first time, gave recognition to Canadian public sector institutions using innovative management techniques that lead to improved customer service. We placed second among 58 competing organizations.

We continued our efforts to reduce workplace injuries with the Work Injury Reduction Program. In cooperation with Alberta Occupational Health and Safety, labour, and employers, the WCB encouraged employers to achieve measurable reductions in claims and claim costs. We have a shared vision with Alberta Occupational Health and Safety to reduce injury frequency in Alberta by 15 percent, by 1995. This reduction in workplace injuries will not only greatly benefit workers but it will also result in an overall reduction in claim costs.

After an extensive reorganization of the Claims Department, the year ended with everything in place for the implementation of Case Management. The workers' needs have been placed at the centre of the rehabilitation plan. This new approach was a major step forward for the WCB as it shifted the focus away from the needs of the organization and on to the needs of the workers. The reorientation called for the support and commitment of all the WCB employees and was successfully completed, in large part, as a result of their dedication.

Injured workers benefited from the services offered by the WCB's Rehabilitation Centre, which was given international accreditation by the Commission on Accreditation of Rehabilitation Facilities after meeting over 500 standards of quality. Workers also benefited from the services offered by the Vocational Rehabilitation Department, which continued to find employment for workers who had recovered from injuries.

Information technology has been an integral part of our new business plan. As noted in the 1988 Millard Task Force Report, the WCB's information systems were inadequate, causing delays in decision making, loss of files as they were frequently moved between departments, and, ultimately, reduced quality of service. We determined that the best way to overcome these inefficiencies was to move away from sequential access to information and toward multiple access. Imaging, a system

that allows us to electronically scan documents, virtually eliminates the paper flow, placing client information on the computer, and allowing several employees simultaneous access to information. In 1990, we installed scanners to begin the process of imaging all files.

Meeting the Challenge

While 1990 was a year of significant change, we maintained a break-even position as indicated by the operating surplus of $128,000. This is before accounting for an extraordinary item, the liability we assumed as a result of legislative changes on July 5, 1990. Before this change, the WCB-Alberta, unlike any other workers' compensation board in Canada, received funding from the General Revenue Fund of the province. This funding covered the increases to pre-1974 pensions. After the legislative change, our corporation had to provide for these pension increases. Although a partial amount will continue to be recovered from the General Revenue Fund of the province over the next five years, the WCB must assume the remaining $165 million of the actuarial liability associated with these pensions. Even with the increased liability, our corporation is almost 80 percent fully-funded. Our objective is to be 90 percent fully-funded by 1995.

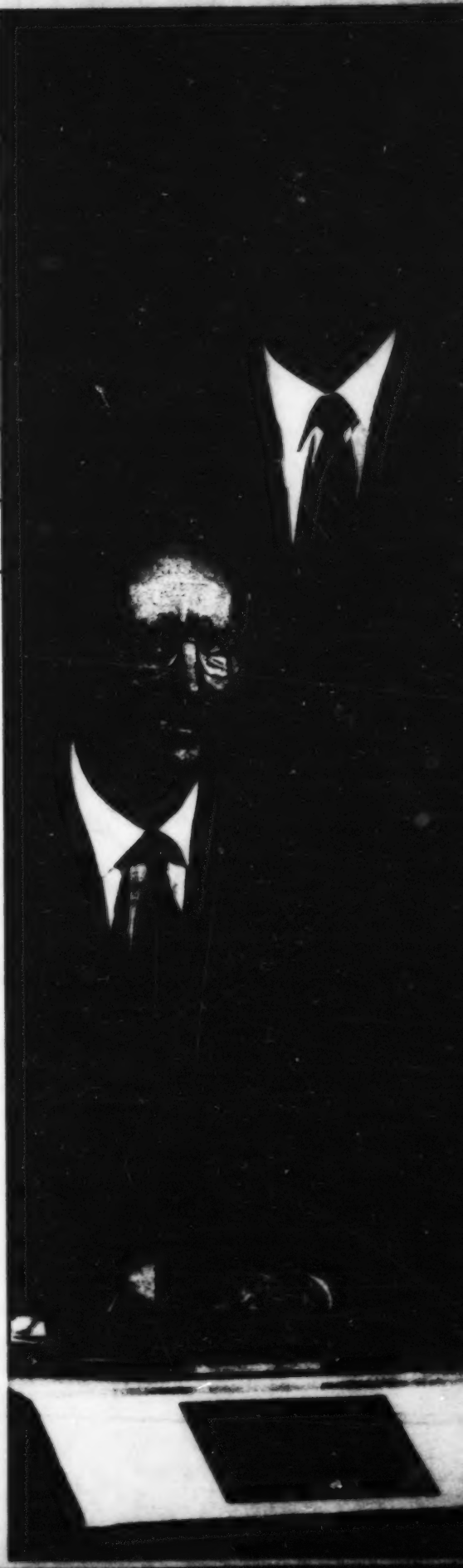
Over $8.75 million was recovered by the WCB from actions taken on behalf of injured workers who were negligently injured by persons not covered by the Workers' Compensation Act. After recovering costs, nearly $2.75 million of this amount was returned to injured workers. Another $1 million was recovered by the WCB from asbestos manufacturers and suppliers in the United States who were responsible for asbestos related diseases suffered by workers.

As a result of the start-up costs associated with new programs designed to improve service, our administrative expenses increased. However, this increase will be more than offset by the savings that will result from the new programs in the future. The corporation is now proceeding to meet its objective to reduce administrative expenses by 3 percent per annum in constant dollars, based on 1991 levels, through to 1995.

Although the WCB made dramatic changes to its operations in the last year, we managed to keep employers' net average assessment rate of $1.86 below the Canadian average of $2.53. Our objective is to bring Alberta's average assessment rate down to $1.75 by 1995.

The WCB experienced a year of exciting growth in 1990. The strong dedication of our employees enhanced a smooth transition to new programs. In the next year we will fine tune our programs as our corporation seeks to achieve excellence in providing service to workers and employers.

***Vern Millard**, Chairman of the Board of Directors*
***Kenneth C. Pals**, President and Chief Executive Officer*



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BOARD OF DIRECTORS

Vern Millard
Chairman of the Board of Directors

Kenneth C. Pals
President and Chief Executive Officer

Kenneth Albrecht*

John Booth***

Dennis M. Erker***

Dr. Charles V. Godberson**

J. Leonard O'Toole*

Betty L. Screpnek**

Harold Taylor**

Thomas E. Whiting*

J.G. (Jack) Williams***

* Audit Committee
** Executive Compensation Committee
*** Investment Committee

ORGANIZATIONAL CHART

The Workers' Compensation Board of Alberta

The Board of Directors

Kenneth C. Pals
President and Chief Executive Officer*

Ian Sinclair
Vice President & Chief Operating Officer*

- Don Dinnie — Regional Offices
- Terry Murphy — Assessment
- R.M. MacArthur — Claims
- Dr. Patrick Carney — Vocational Rehabilitation
- Bent Hansen — Rehabilitation Centre
- Dr. Alex McPherson — Medical
- Eddie Allan — Client Services
- Kellie Marchak — Operations System Support

William McDonald
Vice President & Chief Development Officer*

- Michael Plumb — Policy Planning & Development
- Wayne Antler — Public Affairs

Ron Grainger
Acting Vice President Corporate Resources & Chief Financial Officer*

- Ian Stewart — Computer Centre Services
- Marcy Kennedy — Human Resources
- F. Bruce Allen — Treasury & Fund Management Services
- Ron Grainger — Controller & Financial Planning Services
- Debbie Manz — Administrative Services
- K. Joseph Leung — Actuarial & Statistical Services

J. Douglas Carr
Vice President Secretary & General Counsel*

- Patrick G. Yearwood — Legal Services
- Douglas H. Murray — Government Relations & Assistant Corp. Secretary
- Kenneth G. Orr — Internal Audit
- (Vacant) — Appeals Advisory Service
- Maurice Boonstra — Claims Services Review Committee
- Kenneth T. Ogston — Assessment Review Committee

*Executive Committee

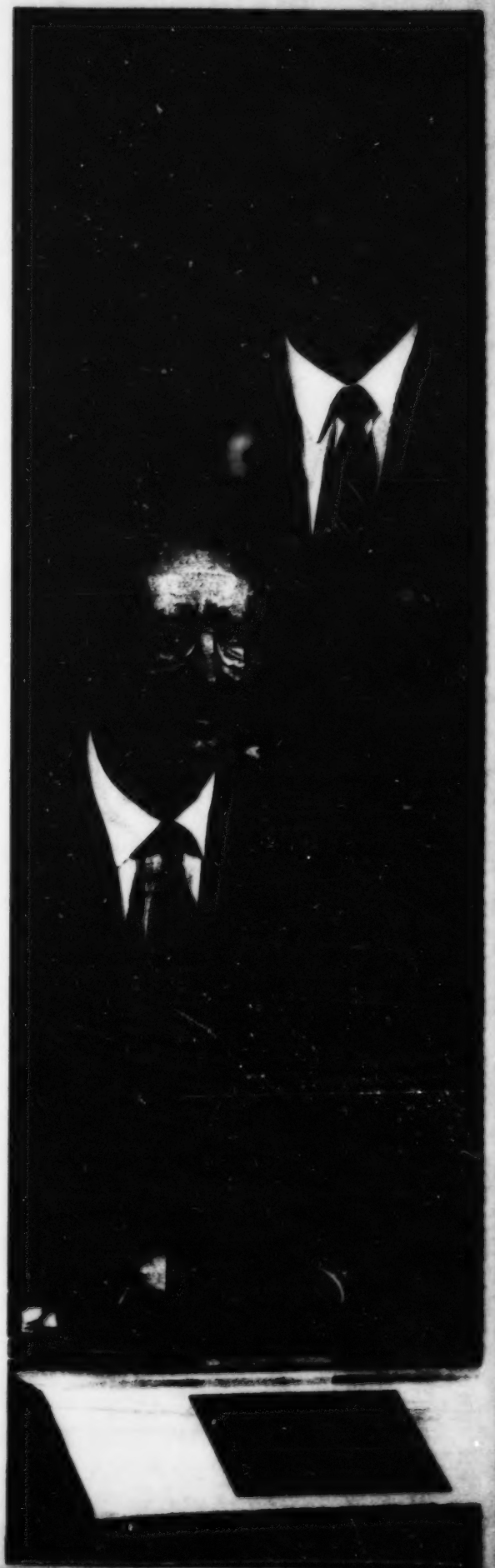


FIGURE 1

Estimated Full Funded Cost per Lost-Time Claim: 1986-1990

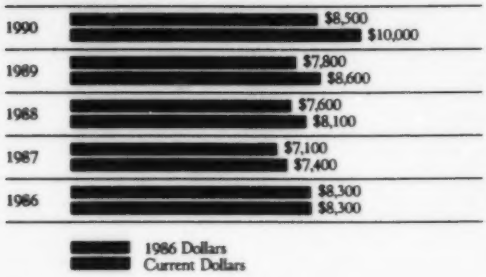
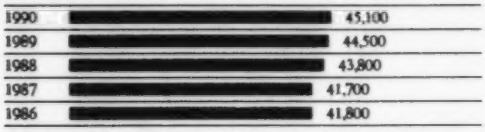


FIGURE 2

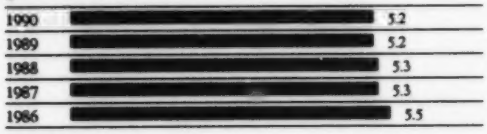
Estimated Lost-Time Claims: 1986-1990



A lost-time claim is defined as one in which the worker is on compensation for one or more days subsequent to the date of the accident.

FIGURE 3

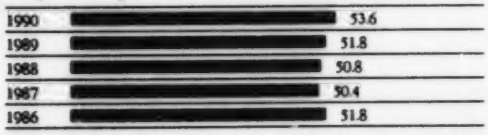
Estimated Lost-Time Claims Rate per 100 Workers Covered: 1986-1990



Note: The methodology used for the calculation of this exhibit was reassessed in 1990 and, therefore, statistics for previous years have been adjusted.

FIGURE 4

Estimated Average Temporary Disability Days Paid per Lost-Time Claim: 1986-1990



This chart indicates the total temporary disability days paid over the life of each lost-time claim in any given year.
Note: The methodology used for the calculation of this exhibit was reassessed in 1990 and, therefore, statistics for previous years have been adjusted.

TABLE 1

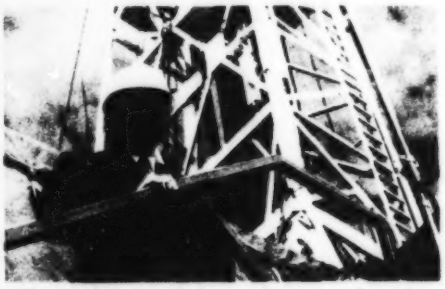
Registered Employers, Industry Accounts, and Assessable Payroll: 1986-1990

Year	Registered Employers	Industry Accounts	Assessable Payroll (000s)
1990	61,483	65,980	$22,200,000
1989	60,460	64,833	$20,717,619
1988	59,573	63,998	$19,850,773
1987	57,605	62,344	$17,806,920
1986	56,741	61,370	$17,275,859

THE NEED FOR CHANGE

The Workers' Compensation Board is a statutory corporation guided by provincial legislation. The corporation collects assessment revenues from employers and applies the revenue funds toward the cost of compensating and rehabilitating workers who were injured in the course of their employment.

The corporation came into existence in 1918. But as the work force grew and society became increasingly complex, the original mode of operating this corporation became outdated. The need for change became evident to everyone in the early eighties. By 1988, the Honourable Jim Dinning, the then Minister of Community and Occupational Health and Minister responsible for the Workers' Compensation Board, released a discussion paper called *The Workers' Compensation Board: Shaping the Future*. This paper, prepared by the WCB, presented an assessment of its operations and made recommendations for change with respect to policy, service, and funding issues.



"The Work Injury Reduction Program reduces lost-time injuries by promoting health and safety programs in the workplace."

C. KING LEE
Program Coordinator,
Work Injury Reduction Program

Before implementing the recommendations outlined in *Shaping the Future*, the Minister decided to conduct a public consultation process to determine how well the recommended changes would meet the needs of the people the corporation is designed to serve. *The Millard Task Force Report*, was completed and released in November, 1988. It examined all of the significant issues addressed in *Shaping the Future* and, after consulting 328 individuals and organizations, including injured workers, employers, health care professionals and others who were members of trade unions, employer associations and injured workers' associations, the report made significant recommendations to improve the level of service offered by the WCB.

Among the many recommendations made in the *Millard Task Force Report* are:

- reducing workplace injuries,
- improving service to workers,
- rehabilitating to re-employment or self-sufficiency,
- improving cost effectiveness.

As a direct result of the recommendations of the *Millard Task Force Report*, the WCB formulated a mission statement that exemplifies our new direction. The WCB mission is:

To serve workers and employers by reducing injuries, compensating workers while disabled and rehabilitating to re-employment or self-sufficiency.

In the past year, the WCB made great strides in fulfilling this mission with the development and implementation of the Work Injury Reduction Program, Case Management, rehabilitation programs, and improved information technologies. This section describes the efforts we have made to curb the number of workplace injuries with the Work Injury Reduction Program.

Reducing Injuries in the Workplace

THE COST OF WORKPLACE INJURIES

The data presented here summarizes the number and cost of claims that have occurred since 1986. As is evident from the tables, both the number and costs are large and some have been increasing over the past few years. At the WCB, we feel it is our responsibility to encourage employers to implement and maintain safer work environments. Not only will this emphasis diminish the rising costs of injuries, but, more importantly, it will alleviate the unnecessary pain and suffering that results each time a workplace accident occurs.

The average injury incurred by a worker, when at least one work day was lost, cost approximately $10,000 in 1990. This amount is called the fully-funded cost per lost-time claim. It is determined by dividing the total cost of injuries in a year, including the current cost and the present value of the future cost, by the number of lost-time claims. Figure 1 presents this information. As shown, the cost per claim in 1986 dollars is relatively stable but in current dollars has been increasing since 1987, and rose by 16.3 percent in the last year.

The number of registered employers has been increasing as well. Table 1 shows a rise in the number of WCB registered employers, industry accounts, and the amount of assessable payroll. These numbers tend to increase in years when the economy grows. Since 1990 was a growth year for the Alberta economy more employment activity occurred compared to the previous year.

Unfortunately, increased employment activity usually results in a greater number of workplace accidents. Figure 2 shows an increase in the number of lost-time claims from 41,800 in 1986 to 45,100 in 1990; however, Figure 3 shows that the average rate of injury gradually declined. Our corporate objective is to reduce the lost-time claims rate by 15 percent by 1995.

Finally, the average length of time an injured worker was disabled increased slightly. Figure 4 presents data to indicate the increase in the average temporary disability days paid per lost-time claim from 51.8 days in 1989 to 53.6 in 1990. Our corporate objective is to reduce the average compensation days paid per claim by 15 percent by 1995.

In an effort to reduce the number of workplace injuries, the WCB,

FIGURE 1

Estimated Full Funded Cost per Lost-Time Claim: 1986-1990

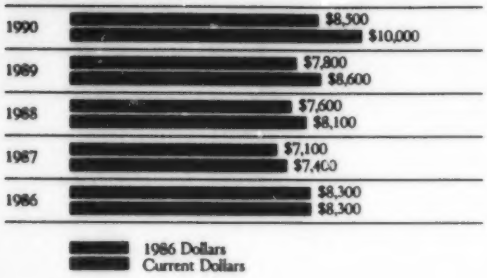
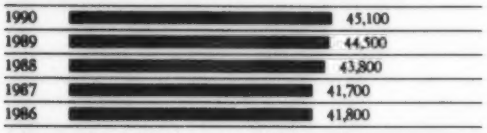


FIGURE 2

Estimated Lost-Time Claims: 1986-1990



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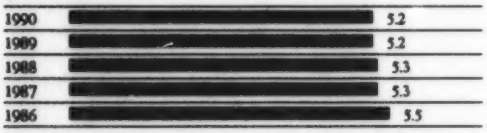

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FIGURE 4

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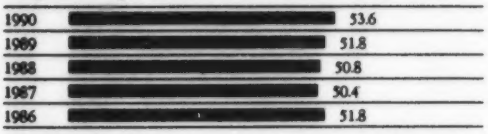

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1987	57,605	62,344	$17,806,920
1986	56,741	61,370	$17,275,859

THE WORK INJURY REDUCTION PROGRAM IS AN INNOVATIVE AND EFFECTIVE APPROACH TO WORKPLACE SAFETY THAT MERGES THE NEEDS OF WORKERS, MANAGEMENT AND SOCIETY IN A COOPERATIVE WAY.

"The 6,000 University of Alberta Hospitals staff will benefit from the Work Injury Reduction Program. The WCB and OH&S are helping us become more aware of how to maintain workplace safety. Improved working conditions will enhance employee morale, reduce workplace injuries, and improve productivity."

DONALD P. SCHURMAN
President, University of Alberta Hospitals

in conjunction with Alberta Occupational Health and Safety, designed the Work Injury Reduction Program.

WORK INJURY REDUCTION PROGRAM

The Work Injury Reduction Program is an innovative and effective approach to workplace safety that merges the needs of workers, management and society in a cooperative way. The program's primary goal is to reduce workplace injuries. This in turn will result in improved productivity and enhance the well-being of workers.

Over 215 employers with 43,000 workers participated in the Work Injury Reduction Program. The WCB and Alberta Occupational Health and Safety work with employers and labour to encourage and assist employers reduce workplace accidents. Participating employers are offered the opportunity to earn special financial incentives in the form of lower WCB assessments. In exchange, employers must implement and maintain effective health and safety management systems, and they must achieve measurable reductions in claims and claim costs.

"The safety auditors of the Work Injury Reduction Program were especially helpful to our company. They provided educational feedback, helping us increase the effectiveness of our safety practices."

DAN JENSEN, Employer
Jensen & Sons Roofing Ltd.

In January, 17 employers from the meat packing industry and 90 employers from the roofing industry began participation in the Work Injury Reduction Program. The oilwell drilling and oilwell servicing industries joined the program in July, 1990, and 15 Alberta hospitals joined in September, 1990. During the year, 229 comprehensive audits of employers' health and safety management systems were conducted.

Although further analysis is necessary to assess the program's impact, initial results are favourable. The Work Injury Reduction Program has certainly increased employers' and workers' awareness of the need for effective health and safety management systems in preventing workplace accidents.

Benefits to Employers and Workers

Both employers and workers benefit from the Work Injury Reduction Program. Workers benefit from safer work environments, which result in less injuries, less suffering, and a better quality of life.

Employers benefit from reduced workplace injuries with fewer productivity losses, less property damage, lower retraining costs, less absenteeism, and lower turnover.

TABLE 2

Summary of Claims Administered

	1990	1989
Claims that were under active administration as of January 1	27,583	22,186
New claims (all types) reported during the year[1]	64,503	62,022
Claims reopened during the year	8,311	8,283
Total claims administered	100,397	92,491
Claims involving pensions or compensation	51,669	47,514
Claims in which medical aid only was paid	11,460	10,508
Claims which were disallowed[2]	9,084	6,886
Subtotal of claims administered	72,213	64,908
Claims that were under active administration as of December 31	28,184	27,583
Total claims administered	100,397	92,491

1. New claims of all types include pension claims, compensable lost-time claims, medical aid claims, disallowed claims, and claims in which a judgement is pending.
2. Refers to a claim for compensation which was not covered under the Act, not established, or the accident was deemed not to be in the course of employment.

TABLE 3

Appeals Advisory Service:
A Two-Year Comparison of Activities

	1990	1989
Total Cases:		
Outstanding from previous year	559	326
New	807	676
Cases Resolved Without Appeal	135	113
Presentations Made: Total	640	330
To Claims Services Review Committee	319	194
Accepted	246	119
Denied	73	75
To Appeals Commission	321	136
Accepted	148	81
Denied	173	55
Cases Active at December 31	591	559

TABLE 4

Claims Services Review Committee:
A Two-Year Comparison of Activities

	1990	1989
Total Appeals		
Outstanding from previous year	418	375
New	2,096	1,826
Appeals Processed		
Altered	574	593
Unchanged	1,229	994
Withdrawn	188	196
Outstanding at Year End	523	418

CASE MANAGEMENT

By the end of 1990, the WCB introduced Case Management into its operations. This new approach to serving injured workers enables workers to receive appropriate and timely rehabilitation, compensation, and, if necessary, vocational counselling and retraining. In addition to the coordination of services, Case Management provides for early client contact, facilitating prompt service provision, effective rehabilitation, and, ultimately, a safe and early return to work.

Changes and Results

The number of case managers was increased to strengthen the services offered through the Integrated Services Units (ISUs). This change benefits workers because case managers ensure that the needs of injured workers are met. Specifically, the case managers place workers at the centre of the rehabilitation plan by determining, in cooperation with the worker, those services necessary to ensure a speedy recovery and a safe and early return to work.

"As a case manager, I enjoy dealing directly with workers, arranging for their compensation and coordinating the provision of other WCB services that enable them to return to work."

DAVID LARDNER
Case Manager

A new method of case assignment ensures that workers who have serious injuries are assisted by case managers who specialize in those types of injuries.

Case expeditors assist case managers with claims' administration. Their support and expertise enhances the timeliness of service provided to injured workers.

Technical and supervisory support was increased. Case managers and claims adjudicators are now able to seek help from highly skilled technical consultants, counsellors, investigators, and industry specialists to ensure workers receive appropriate care.

IMPROVING SERVICE TO EMPLOYERS

In 1990, the Assessment Department set out to provide improved service to employers by improving communication through specialized client services and increased contact. To achieve this objective, the Assessment Department initiated:

- a Mobile Office Service Team to provide one stop customer service to employers who do not have ready access to regional offices.
- a Forestry Unit to supply specialized service to the forestry industry, maximizing client satisfaction.
- employer communication field representatives to assist new employers with workers' compensation policy and procedures.

Listening to Employers' Concerns

The WCB responded to employers' concerns about experience rating by implementing several proposals: a simplified experience rating statement, a new participation factor, and a minimum participation rate.

These changes came about as a result of concerns raised at the 1989 employers' meetings and in questionnaires that were mailed to all experience-rated employers in 1990. After considering the results, the WCB prepared a discussion paper on the proposed changes. The ideas were presented to both employers and employer associations who supported the three changes noted above.

The WCB also simplified its classification system in order to increase the year to year stability of assessment rates. Reviews were conducted for trucking, automotive sales and repair, steel fabrication and hotels. As a result, the number of industry classifications was reduced by 46, from 762 to 716. In addition, the rating units were decreased by 30, from 327 to 297.

Improving Service to Workers & Employers

APPEALS — IMPROVING COMMUNICATION

Through legislation, the WCB provides avenues of appeal for workers and employers who are not satisfied with decisions related to their cases. The Appeals Advisory Service, the Claims Services Review Committee, and the Assessment Review Committee are discussed below.

"While there are many aspects of my job that I enjoy, assisting clients on a one-to-one basis is the most rewarding. This personal contact enhances the rapport between the WCB and our clientele."

INDRA TOOLSIE
Expeditor

The Appeals Advisory Service helped 775 workers last year by either resolving cases without filing an appeal or by researching, preparing, and presenting the workers' cases before appeals tribunals. Table 3 shows their activity in the last two years. An advisor is made available to any worker who wants to appeal a decision made about his or her case. The service is offered at no charge. The advisors act on behalf of the workers, while maintaining a non-adversarial working relationship with the WCB. In 1990, the advisors represented 319 workers before the Claims Services Review Committee and 321 workers before the Appeals Commission.

TABLE 2

Summary of Claims Administered

	1990	1989
Claims that were under active administration as of January 1	27,583	22,186
New claims (all types) reported during the year[1]	64,503	62,022
Claims reopened during the year	8,311	8,283
Total claims administered	100,397	92,491
Claims involving pensions or compensation	51,669	47,514
Claims in which medical aid only was paid	11,460	10,508
Claims which were disallowed[2]	9,084	6,886
Subtotal of claims administered	72,213	64,908
Claims that were under active administration as of December 31	28,184	27,583
Total claims administered	100,397	92,491

1. New claims of all types include pension claims, compensable lost-time claims, medical aid claims, disallowed claims, and claims in which a judgement is pending.
2. Refers to a claim for compensation which was not covered under the Act, not established, or the accident was deemed not to be in the course of employment.

"When working directly with clients, it is important to be both knowledgeable and pleasant — that is what Client Services represents."

AMELIA REDDY
Claims Information Clerk

TABLE 3

Appeals Advisory Service: A Two-Year Comparison of Activities

	1990	1989
Total Cases:		
Outstanding from previous year	539	326
New	807	676
Cases Resolved Without Appeal	135	113
Presentations Made: Total	640	330
To Claims Services Review Committee	319	194
Accepted	246	119
Denied	73	75
To Appeals Commission	321	136
Accepted	148	81
Denied	173	55
Cases Active at December 31	591	559

TABLE 4

Claims Services Review Committee: A Two-Year Comparison of Activities

	1990	1989
Total Appeals		
Outstanding from previous year	418	375
New	2,096	1,826
Appeals Processed		
Altered	574	593
Unchanged	1,229	994
Withdrawn	188	196
Outstanding at Year End	523	418

TABLE 5

Assessment Review Committee: A Two-Year Comparison of Activities

	1990	1989
Total Cases		
Carried forward from previous year	46	13
New	114	167
Assessment Appeals:		
Accepted	22	28
Partially accepted	10	4
Denied	35	33
*Returned for review	—	24
*Cases withdrawn	4	—
Application for transfer of costs:		
Accepted	26	21
Apportioned	11	13
Denied	13	11
Cases withdrawn	5	—
Carried forward at year end	34	46

*Beginning in 1990, the Assessment Review Committee ceased recording cases that were returned to the Assessment Department for review and began recording cases that were withdrawn by the appellant.

As shown in Table 4, there was a 15 percent increase in the number of workers who made appeals to the Claims Services Review Committee. Despite this increase, there was only a 2.5 percent increase in the number of cases appealed to the next highest level, the Appeals Commission.

The Assessment Review Committee improved direct communication with employers by developing a more detailed *Reasons for Decision* memorandum format. The format outlines the facts, issues, and rationale used by the committee in arriving at its decisions. A similar format was adopted by the Claims Services Review Committee during the year. In addition, the Assessment Review Committee increased the number of in-person hearings by over 30 percent, allowing for more personalized contact with employers. Table 5 shows the activity of the committee.

RECOVERING FUNDS FOR WORKERS

Nearly three million dollars were recovered for injured workers by the WCB Legal Services Department. When persons not covered by workers' compensation negligently injure a worker, the WCB may take action for personal injuries if the worker is entitled to receive compensation benefits. During 1990, the WCB recovered in excess of $8.75 million in these types of cases. After recovering its costs, the WCB paid nearly $2.75 million to injured workers over and above compensation benefits.

"As a lawyer in the Legal Service Department, one of my roles is to pursue legal action against persons who are not covered by the Workers' Compensation Act and who cause injuries to workers. Workers benefit from the recoveries of damages, which also result in cost relief to the employers."

LORRAINE DEYDEY
Solicitor

Additionally, the WCB successfully collected about $1 million from asbestos manufacturers and suppliers in the United States because workers have suffered from asbestos related diseases. The workers or their estates were paid this money, less compensation previously paid.

GOVERNMENT RELATIONS

The Government Relations Department deals with intergovernmental concerns as well as complaints and enquiries emanating from elected officials and the Ombudsman. In 1990, this department responded to over 4000 enquiries and began a program to provide information to elected officials and others with respect to changes occurring within the WCB.

THE REHABILITATION AND RE-EMPLOYMENT OF INJURED WORKERS BENEFITS EVERYONE — WORKERS, EMPLOYERS, AND SOCIETY. IT ENHANCES THE WELL-BEING OF WORKERS, REDUCES ASSESSMENT RATES OF EMPLOYERS, AND INCREASES THE PRODUCTIVITY OF SOCIETY.

REHABILITATION OF INJURED WORKERS

The Workers' Compensation Board has taken proactive steps to rehabilitate workers to re-employment or self-sufficiency. Early intervention, integrated services, and active involvement of stakeholders increases the success rate of workers who return to work. The Rehabilitation Centre, Medical Services Department, Vocational Rehabilitation Department, and the regional offices have incorporated these approaches into their operations to ensure that injured workers receive timely and appropriate services. The workers are now at the centre of the decision-making process.

"Our area helps injured workers in the skill trades prepare for a safe return to work. By using work simulation techniques, injured workers are gradually reconditioned to the best of their ability."

RENÉ DOUCET
Technical Instructor, Rehabilitation Centre

REHABILITATION CENTRE

The Facility

Over 4,900 injured workers received services from the WCB's Rehabilitation Centre in 1990. Designed to help injured workers recover and return to work, the centre offers a unique combination of services and an integrated approach to rehabilitation.

The Commission on Accreditation of Rehabilitation Facilities acknowledged Alberta's Rehabilitation Centre as the only accredited facility of its kind in Canada with a Work Hardening Program meeting over 500 standards of quality.

The Work Hardening Program helps injured workers progress gradually by using therapy and simulated work activities to prepare them for full time employment. Numerous compensation boards, health care centres, and occupational health and safety organizations have enquired about the Work Hardening Program. In addition, over 100 tours of the facility were given to employers, unions and worker groups.

The Program

The Rehabilitation Centre offers a six to eight week program designed to successfully return workers to employment. The program helps injured workers recover by focusing on three main areas: physical conditioning, vocational development, and psychosocial development. These services combined provide a "whole person" approach to rehabilitation.

Physical functioning and conditioning services assist workers regain physical strength and flexibility. A team of health care professionals

work with the client to build a customized rehabilitation plan including physical therapy, fitness and conditioning, nutritional assessment and counselling, a back school, medical services and more.

Vocational development services help workers gradually prepare for the physical demands of employment. The Work Hardening Program accomplishes this goal by using work simulation tasks. The program gives workers the opportunity to gain physical strength and learn new skills, such as safe lifting techniques. If necessary, counsellors are available to help workers determine new job interests when a return to pre-accident employment is not possible.

Psychosocial services address emotional problems that may occur when injuries disrupt workers' lives. In addition, clients can learn pain management techniques to deal with chronic discomfort.

Enabling People to Return to Work

The Results

As a direct result of the centre's high standards of service delivery and early intervention in the rehabilitation plan, more workers returned to employment or self-sufficiency from the facility than ever before. The centre reached a return-to-work rate of 43 percent, within three months of discharge. Improved quality of service directly affected this rate, but the timing of service was also an important criterion.

MEDICAL SERVICES

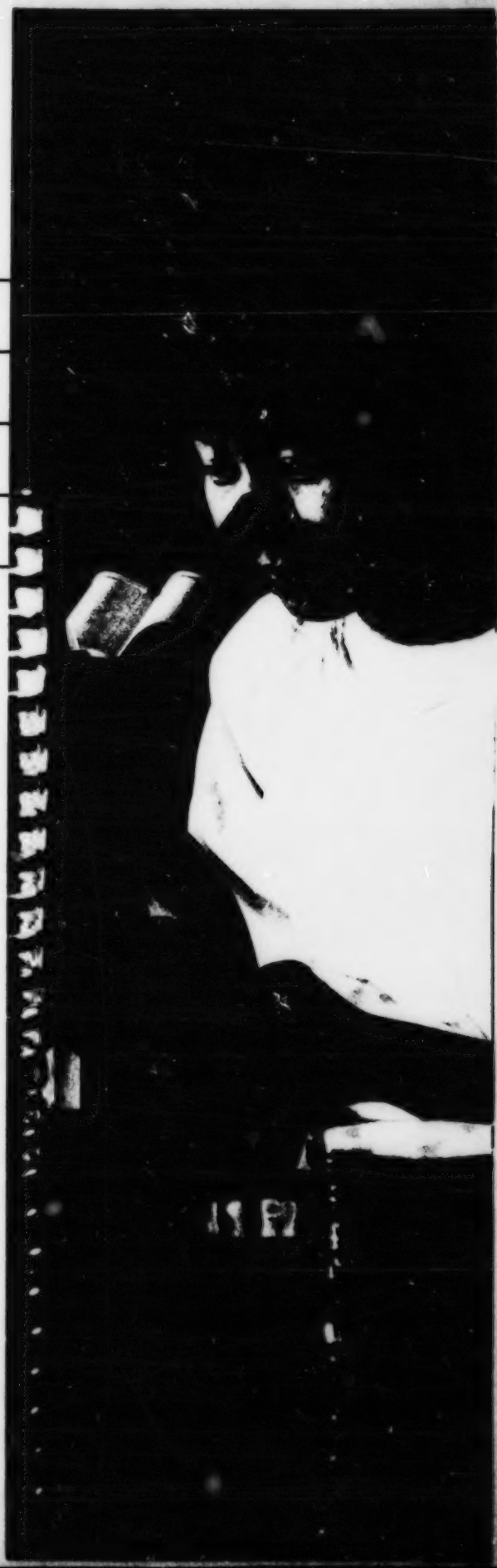
The Medical Department actively contributed to the Case Management Program. The medical advisors participated in injury management training for case managers by developing programs on medical terminology and low back pain guidelines.

"The Work Hardening Program reconstructs what I normally do as a roofer. The work simulation exercises are helping me rehabilitate so that I can return to work sooner."

ROBERT JOSEPH

In an effort to measure the impact of new programs, the department developed a claimant satisfaction survey.

The department began applying the International Classification of Diseases Coding System to WCB cases. This system facilitates the classification of each injury so that consistent diagnosis and treatment is possible. The internationally recognized



standard will contribute to injury prevention initiatives, rehabilitation, and case management.

THE REHABILITATION AND RE-EMPLOYMENT OF INJURED WORKERS BENEFITS EVERYONE — WORKERS, EMPLOYERS, AND SOCIETY. IT ENHANCES THE WELL-BEING OF WORKERS, REDUCES ASSESSMENT RATES OF EMPLOYERS, AND INCREASES THE PRODUCTIVITY OF SOCIETY.

VOCATIONAL REHABILITATION SERVICES

There was a 62 percent increase in the number of injured workers who returned to employment subsequent to vocational counselling. Clients returning to work with their pre-accident employer increased 72 percent from 293 in 1989 to 505 in 1990. Clients returning to work with a new employer increased 60 percent from 1,071 in 1989 to 1,708 in 1990. Over 500 of these workers found a new employer through the WCB's Job Club, a more than 300 percent increase in the number of placements from the club in one year.

"My role is to assist individuals identify their goals and career options by providing information and resources. I enjoy helping workers find meaningful employment."

DORA M. NEWCOMBE
Career Counsellor
REACH Centre

The Vocational Rehabilitation Department increased staff by 42 percent to provide early intervention services. As a result, the average length of time from the worker's date of accident to the inital date of contact with an employment counsellor was reduced from a high of 15 months in 1989 to eight months in December, 1990. A linkage was established to provide clients and counsellors with information about job opportunities from the Canada Employment Commission. Another 1990 initiative, the Working Solution hiring program, identified 237 jobs for workers to consider in their employment search.

REACH CENTRE

By the end of 1990, the WCB completed the planning and development of the Re-Employment and Career Help Centre (REACH). The centre is designed to assist workers who need to find new employment subsequent to incurring a compensable injury. The philosophy of the centre is:

to provide instructional counselling and resources that empower clients to develop and achieve return to work goals.

By the end of the year, the centre was prepared to provide:

- career counsellors able to help workers determine new career goals and to facilitate the achievement of those goals by assisting them in writing resumes, completing application forms, and polishing interview skills.

- a Job Board to advertise available positions. The postings indicate the position, qualifications, and salary range pertaining to the job. When a worker finds a suitable job, a job counsellor assists the worker obtain that job.
- job clubs and workshops to offer clients opportunities to share information and ideas with other clients who are also on the way to reentering the work force. Group leaders offer suggestions on how to write resumes, complete job applications, develop job leads, perform well in job interviews, and optimize time spent during job searches.
- an extensive library consisting of books, magazines, newspapers, and audio-visual material that can assist clients find employment. By using the library material, workers can learn more about job information, training programs, courses, and college programs.
- testing banks for workers who want to determine more closely their career interests and abilities.

The centre completes the range of services directed at returning workers to re-employment

REGIONAL OFFICES

The WCB wants clients to be able to receive full services in their own community. As a result, the regional offices increased the number of staff members by 17 percent since 1989. In an effort to maximize their efforts to re-employ injured workers, they increased the number of employment counsellors by 38 percent which enabled them to help 80 percent more workers. Emphasis on early intervention has resulted in earlier initial contact with clients.

A new assessment audit program, focused on industries that had low compliance in payroll reporting, resulted in the collection of a significant amount of additional revenue for the Accident Fund. The program also relayed information to employers, increasing their understanding of the WCB.

"Since the beginning of my rehabilitation at the centre, the staff have continually shown respect and professionalism toward myself and other workers."
ROBERT CANDIANI

To keep stakeholders informed about WCB improvements and changes, the regional offices held a number of educational programs. A series of workshops on back care were held in the Red Deer area and almost 1,000 workers and employers attended.

THE RIGHT MIX OF TECHNOLOGY WILL IMPROVE SERVICE AND REDUCE ADMINISTRATIVE AND OPERATING COSTS.

TECHNOLOGY LEADS THE WAY TO LONG TERM EFFICIENCIES, SAVINGS

Although the Workers' Compensation Board has initiated several new programs in an effort to improve service to stakeholders, the effective management of resources has not been overlooked. On the contrary, the changes are consistent with efforts made to create a cost effective environment.

Among the many new initiatives undertaken in 1990 to responsibly manage resources are the following:

"When we scan documents, WCB employees can have simultaneous access to client information. This system enhances the decision-making ability by enabling employees to give accurate responses to requests made by workers and employers."

DARREN CLARKE
Registry Clerk

a) the introduction of Case Management, effecting integrated services and a flattened organizational structure;

b) the design and implementation of information technologies, increasing efficiency by reducing the volume of paper, automating processing, and allowing simultaneous access to files;

c) the start of the Work Injury Reduction Program, assisting employers in their efforts to reduce the number and severity of work place injuries;

d) the promotion of early intervention in the rehabilitation of injured workers;

e) and, the utilization of external resources (such as adult post-secondary institutions for retraining).

The use of information technology is one of the most intensive and complex changes the WCB made in 1990 in an effort to improve service to stakeholders. The right mix of technology will improve service and reduce administrative and operating costs. The following information describes a few of the specific steps taken to apply modern technology in workers' compensation.

THE USE OF INFORMATION TECHNOLOGY

Because the WCB generates over two million new documents every year, the management of information in electronic form is essential.

The corporation has increased its use of information technology by employing: imaging, expert systems, cooperative processing, electronic data interchange, and various data base technologies.

These systems not only help the WCB provide improved service to injured workers, but they also pave the way for long term cost efficiencies.

Creating a Cost-Effective Environment

Imaging

Imaging brings us closer to having a paperless office. A scanner sends an image of a document to the computer. The computer can then process, store, retrieve, and print the information. This system speeds decision making because several people can have simultaneous access to client information.

The WCB began imaging files in mid-1990. By the end of 1990, 50 percent of all new claims were imaged.

Expert Systems

Expert systems, or knowledge-based systems, guide junior level employees through a series of questions that ultimately lead the employee to make consistent decisions. The basic administration of a case is done almost completely by the computer system. This reallocation frees staff to concentrate on the human elements of managing the case.

Other Technologies

The WCB's Claims Information System uses other forms of information technology such as various data bases, cooperative processing, and electronic data interchange. These technologies reduce data redundancy, facilitate information sharing, and accelerate the transfer of information.

"As an adjudicator my job is to provide workers with service, whether it be arranging for a cheque or giving information about the status of their claims. It gives me great satisfaction knowing that I am able to help workers at a difficult time in their lives."

SUSIE WONG
Adjudicator

MANAGEMENT COMMENTARY ON THE FINANCIAL STATEMENTS FOR 1990

Results of Operations

While The Workers' Compensation Board was able to maintain basically a break-even point in its operations for the year before the extraordinary item, this financial position has been more than offset by the extraordinary item of $165.8 million, which resulted from the assumption of the pre-1974 pension increase liability from the Province of Alberta in accordance with The Workers' Compensation Amendment Act, 1990. As a consequence, the corporation recorded an operating deficit of $165.6 million including the extraordinary item bringing the corporation's unfunded liability to $469.8 million. This results in a funded position of 79.3%.

Total revenue increased by $34 million or 6.3% from last year. Assessment revenue from industry reached $417.0 million for 1990, an increase of 13.9% over 1989. The growth in assessment revenue is due to the rise in the average rate of assessment from $1.75 in 1989 to $1.86 in 1990, a 6.3% increase, and growth in assessable payroll of 7.2%. A comparison of average actual and 'required' assessment rates for the past five years is shown in Table 6.

Total expenditures increased by $97 million or 20.2% due to many factors including the increased cost of providing service and the front-end cost of major initiatives such as Case Management and Early Intervention which will be more than offset by anticipated future cost reductions.

The modest increase in the average assessment rate approved for 1991 along with changes to our investment strategy as described below, and numerous other positive major initiatives will all contribute to improving the financial position.

TABLE 6

Actual Compared to Average Required Assessment Rates

Per $100 Assessable Payroll

Year	Average Actual Assessment Rate	Average Rate Required for Full Funding	Difference
1990	1.86	2.02	0.16
1989	1.75	1.84	0.09
1988	1.58	1.79	0.21
1987	1.56	1.73	0.17
1986	1.59	2.00	0.41
Average	1.67	1.88	0.21

Investment Activities

Net investment income decreased to $146.0 million, a reduction of $7.0 million or 4.6% over 1989. Assets held to meet future benefit obligations for past accidents reached $1,580.0 million, an increase of 6.8%. These assets were invested through the Provincial Treasurer in accordance with the provisions of Section 86(1) of the Workers' Compensation Act. The average return on investments during 1990 decreased to 9.7% from 11.1% in 1989. However, this is felt to be a short-term trend.

Although some continued reallocation of investments from fixed income instruments into equities and real estate occurred during 1990, the overall asset mix remained relatively unchanged. Further actions to alter the asset mix will be considered during 1991 to allow achievement of long term returns similar to those obtained by other large balanced Canadian funds.

Actuarial Liabilities

Estimated claim liabilities of the corporation rose to $2,214.5 million, an increase of 17.1%. This increase is largely a result of the assumption of the pre-1974 pension increase liability. Management, in estimating future obligations for past accidents, has adopted actuarial assumptions based on the ability to obtain a real (after inflation) rate of return on investments of 3.33% per annum; a change from last year which was 2.84%.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of The Workers' Compensation Board is responsible for the preparation, integrity and objectivity of the financial statements and related information in this annual report. The financial statements have been prepared in accordance with generally accepted accounting principles, except as specifically described in Note 2 to the financial statements, and have been approved by the Board of Directors.

Preparation of financial information contained in this annual report, necessarily includes estimates and judgements based on careful consideration of information available to management.

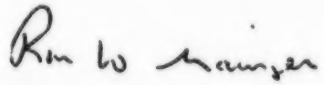
Management develops and maintains a system of internal controls to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets. An effective system of internal controls is accomplished through careful selection of employees, segregation of responsibilities and application of sound financial control practices.

The Auditor General of the Province of Alberta is the auditor of The Workers' Compensation Board in accordance with Section 87(1) of the Workers' Compensation Act. The auditor determines the audit scope, conducts appropriate tests of accounting records and obtains sufficient evidence to provide reasonable assurance the financial statements present fairly the financial position of the Workers' Compensation Board on a basis consistent with that of the preceding year.

TPF&C Limited, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of the actuarial valuation of claim liabilities of The Workers' Compensation Board. The valuation of claim liabilities conforms to the recommendations of the Canadian Institute of Actuaries.

Management of The Workers' Compensation Board believes that the system of internal controls and approved policies, practices and procedures provide reasonable assurance that operations conform to a high standard of business conduct.

K. C. Pals
President and
Chief Executive Officer



R. W. Grainger
Acting Vice President
and Chief Financial Officer

ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

AUDITOR'S REPORT

To the Board of Directors of The Workers' Compensation Board

I have audited the balance sheet of The Workers' Compensation Board as at December 31, 1990 and the statements of operations and fund balance and changes in financial position for the year then ended. These financial statements are the responsibility of the Workers' Compensation Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of The Workers' Compensation Board as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Donald D. Salmon

FCA
Auditor General

Edmonton, Alberta
April 4, 1991

ACTUARIAL OPINION

To the Board of Directors of The Workers' Compension Board — Alberta

We have made the valuation of the liability for claims of The Workers' Compensation Board for its Balance Sheet as at December 31, 1990 for the year then ended. The valuation conforms to the provisions of the Workers' Compensation Act in effect at December 31, 1990, including provision for inflationary adjustments to claims incurred as of the valuation date.

In our opinion,

1. the valuation conforms to generally accepted actuarial principles;

2. the amount of liabilities for Pensions ($1,017,900,000), Unfinalled Claims ($758,900,000) and Enhanced Disabilities ($437,700,000) makes proper provision for future payments for which the Accident Fund is financially responsible under the Workers' Compensation Act; and

3. proper provisions on account of the liabilities for Unfinalled Claims ($168,400,000) and Enhanced Disabilities ($85,800,000) have been made in the Statement of Operations and Fund Balance in respect of claims incurred during 1990.

TPF&C LIMITED

Tony C.L. Williams, F.C.I.A.

James H. Murta, F.C.I.A.

Calgary, Alberta
March 28, 1991

BALANCE SHEET

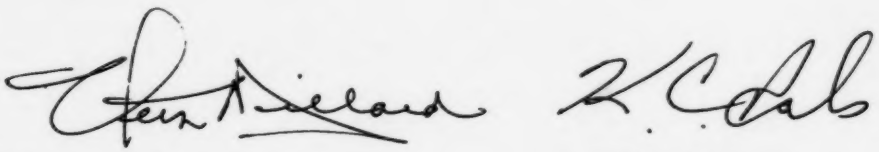
As at December 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
Cash	$ 50,507	$ 35,978
Assessments and other receivables (Note 3)	44,687	35,429
Accrued interest	21,195	19,850
Investments (Schedule 1)	1,580,003	1,479,504
Deferred charges and other assets (Note 4)	76,536	39,849
Fixed assets (Note 5)	26,644	16,627
	$1,799,572	$1,627,237

LIABILITIES AND FUND BALANCE		
Accounts payable	$ 10,159	$ 6,599
Deferred revenue (Note 6)	44,150	32,947
Employers' deposit accounts	380	380
Staff benefit trust	219	225
Liability for claims (Note 7)	2,214,500	1,891,300
Fund balance (deficit)	(469,836)	(304,214)
	$1,799,572	$1,627,237

The accompanying notes and schedules are part of these financial statements

On behalf of the Board of Directors:



Vern Millard, Director

Kenneth C. Pals, Director

STATEMENT OF OPERATIONS AND FUND BALANCE

For the year ended December 31, 1990
(in thousands of dollars)

	Operating Activities for			
	1990	Prior Years	1990 Total	1989 Total
REVENUE				
Assessments				
Industry	$415,471	$ 1,500	$ 416,971	$ 365,516
Self-Insurers	1,337	7,553	8,890	8,749
Investment income (Note 9)	—	145,960	145,960	152,937
Province of Alberta (Note 10)	—	3,231	3,231	13,799
	$416,808	$158,244	$ 575,052	$ 541,001
EXPENDITURES				
Claim costs (Note 11)	$102,887	$257,363	$ 360,250	$ 315,192
Deduct:				
Claim costs charged to the liability for claims	2,459	249,828	252,287	224,337
	100,428	7,535	107,963	90,855
Provision for future claim costs	254,200	—	254,200	228,800
Adjustment to liability for claims:				
Investment income allocated	—	160,156	160,156	144,628
Actuarial estimates	—	(43,969)	(43,969)	(59,777)
Total claim costs	354,628	123,722	478,350	404,506
Administrative and general expenses (Schedule 2)	87,368	—	87,368	61,899
Medical services and Rehabilitation Centre operations, net (Schedule 3)	686	—	686	3,649
Occupational Health and Safety (Note 12)	6,030	—	6,030	5,827
Safety association and research grants (Note 13)	2,490	—	2,490	2,269
	$451,202	$123,722	$ 574,924	$ 478,150
OPERATING SURPLUS (DEFICIT) BEFORE EXTRAORDINARY ITEM	$(34,394)	$ 34,522	$ 128	$ 62,851
Extraordinary item (Note 14)			(165,750)	—
OPERATING SURPLUS (DEFICIT)			(165,622)	62,851
Fund balance at beginning of year			(304,214)	(367,065)
FUND BALANCE AT END OF YEAR			$(469,836)	$(304,214)

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended December 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING ACTIVITIES		
Operating surplus (deficit)	$(165,622)	$ 62,851
Claim costs charged to operations	107,963	90,855
	(57,659)	153,706
Items not requiring funds:		
Provision for future claim costs	254,200	228,800
Assumption of pre-1974 pension increase liability	206,900	—
Adjustments to liability for claims:		
Investment income allocated	160,156	144,628
Actuarial estimates	(43,969)	(59,777)
Depreciation and amortization of fixed assets	6,819	4,882
Amortization of information systems management	547	—
Amortization, gains and losses on investments, net	(28,909)	(37,535)
Write down of investments	5,743	3,262
Future recovery of pre-1974 pension increases	(30,940)	—
Other, net	(7,280)	2,760
	465,608	440,726
Deduct:		
Claim payments:		
Compensation	145,222	126,086
Vocational rehabilitation	29,700	22,000
Medical aid	70,043	53,793
Pension	118,188	120,185
Pension award recoveries	(1,333)	(616)
	361,820	321,448
Cash provided from operating activities	103,788	119,278
INVESTING ACTIVITIES		
Sale (purchase) of investments, net	(66,951)	(127,438)
Sale (purchase) of fixed assets, net	(16,836)	(10,540)
Sale (purchase) of information systems management	(5,472)	—
Cash obtained from (applied to) investing activities	(89,259)	(137,978)
INCREASE (DECREASE) IN CASH	14,529	(18,700)
Cash at beginning of year	35,978	54,678
CASH AT END OF YEAR	$ 50,507	$ 35,978

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1990

1. AUTHORITY

The Workers' Compensation Board operates under the authority of the Workers' Compensation Act, Statutes of Alberta 1981, Chapter W-16, as amended.

2. SIGNIFICANT ACCOUNTING POLICIES

a) General — These financial statements have been prepared in accordance with generally accepted accounting principles except amortized unrealized net gains on equities which are recorded as a deferred charge rather than an adjustment to the carrying value of equities in investments.

b) Depreciation and Amortization of Fixed Assets — Depreciation is recorded as follows:

Buildings	2½% straight line
Equipment — Data processing	35% diminishing balance
— Other	15% diminishing balance
Automobiles	20% straight line

Leasehold improvements and data processing software costs are amortized on a straight line basis over their expected useful lives.

c) Cash — Included in cash are deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta.

d) Investments — Investments are recorded at amortized cost with the exception of real estate and equities which are at cost. Included in investments are:

(i) Term deposits which consist of certificates of deposit, guaranteed investment certificates, treasury bills and promissory notes.

(ii) Equities which consist of common and preferred shares, warrants and pooled equity units.

A gain or loss on the sale of a fixed term investment is deferred and amortized to investment income to the maturity date of the disposed investment.

A gain or loss on the sale of an equity is deferred and amortized to investment income at 15% per annum, applied to the unamortized balance. Unrealized gains and losses on equities are also amortized to investment income at 15% per annum, applied to the unamortized balance.

Investment income is recorded as an operating revenue for prior years on the basis this income is to provide for the cost of prior years' claims and is allocated to the liability for claims based on average balances and expected yield.

e) Translation of Foreign Currency — Assets held and liabilities payable in foreign currency are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date except investments which are translated at historical exchange rates.

f) Actuarial Liabilities — Actuarial liabilities are the estimated present value amounts required to meet the future cost of claims in respect of current and prior years' accidents. The liability estimates are reviewed annually by an independent consulting actuary.

3. ASSESSMENTS AND OTHER RECEIVABLES

Assessments and other receivables are as follows: (in thousands of dollars)

	1990	1989
Assessments receivable	$40,170	$32,318
Less: Allowance for doubtful assessments receivable	1,500	1,600
	38,670	30,718
Accounts receivable and prepaid expenses	4,740	3,204
Advances to pensioners	1,277	1,507
	$44,687	$35,429

4. DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets are as follows: (in thousands of dollars)

	1990	1989
Deferred charges:		
Amortized unrealized net gain on equities	$40,054	$39,849
Unamortized net loss on sale of fixed term investments	617	—
	40,671	39,849
Other assets:		
Unamortized set up costs for information systems management	4,925	—
Future recovery of pre-1974 pension increases	30,940	—
	35,865	—
	$76,536	$39,849

To partially offset the cost of pre-1974 pension increases, amounts are to be recovered from the General Revenue Fund of the Province of Alberta during the fiscal years of the Government as follows:

(in thousands of dollars)

Year Ended	Amount
March 31, 1991	$13,800
March 31, 1992	10,900
March 31, 1993	8,200
March 31, 1994	5,500
March 31, 1995	2,750
	41,150
Less: recovery during 1990	10,210
	$30,940

5. FIXED ASSETS

Fixed assets are as follows: (in thousands of dollars)

	1990			1989
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
Land	$ 604	$ —	$ 604	$ 604
Buildings	12,993	4,717	8,276	7,393
Equipment	23,377	11,836	11,541	5,664
Leasehold improvements	1,883	1,006	877	311
Software	8,800	3,454	5,346	2,655
	$47,657	$21,013	$26,644	$16,627

6. DEFERRED REVENUE

Deferred revenue is as follows: (in thousands of dollars)

	1990	1989
Unamortized net gain on sale of equities	$44,150	$27,351
Unamortized net gain on sale of fixed term investments	—	5,596
	$44,150	$32,947

7. LIABILITY FOR CLAIMS

Liability for claims is as follows: (in thousands of dollars)

	1990				1989
	Pensions	Unfinalled Claims	Enhanced Disabilities	Total	Total
INCREASES IN LIABILITY					
Current year claims:					
Capitalized pension awards	$ 14,314	$ —	$ —	$ 14,314	$ 11,572
Provision for future claim costs	—	168,400	85,800	254,200	228,800
Prior years' claims:					
Capitalized pension awards	102,304	—	—	102,304	102,357
Investment income allocated	76,642	54,058	29,456	160,156	144,628
Adjustment to actuarial estimates	(47,742)	(14,734)	18,507	(43,969)	(59,777)
	145,518	207,724	133,763	487,005	427,580
DECREASES IN LIABILITY					
Pension payments	118,188	—	—	118,188	120,185
Reduction of pension advances	230	—	—	230	58
Claim costs	—	164,624	87,663	252,287	224,337
	118,418	164,624	87,663	370,705	344,580
NET INCREASE (DECREASE)	27,100	43,100	46,100	116,300	83,000
Assumption of pre-1974 pension increase liability (Note 14)	192,900	9,800	4,200	206,900	—
Liability at beginning of year	797,900	706,000	387,400	1,891,300	1,808,300
LIABILITY AT END OF YEAR	$1,017,900	$758,900	$437,700	$2,214,500	$1,891,300

Based on the recommendations resulting from a recently completed review of economic assumptions by an independent consulting actuary, the decision was made to increase the real rate of return to 3.33% from 2.84% used previously. As a result, the recorded liability for claims as at December 31, 1990 and the operating deficit for the year then ended are $105,200,000 lower than the amounts which would have been recorded using the previous real rate of return.

There were no other significant changes in assumptions.

8. OBLIGATIONS UNDER LEASES

While there are no leases classified as capital, a number of operating leases exist for computer equipment and office space. The following is a schedule of future lease payments for the upcoming five year period:

1991	$6,512,673
1992	$5,066,812
1993	$2,371,582
1994	$2,379,948
1995	$2,444,835

9. INVESTMENT INCOME

Investment income is as follows: (in thousands of dollars)

	1990	1989
Interest and dividends	$143,822	$136,747
Amortization of net gain (loss) on sale of fixed term investments	(115)	1,997
Amortization of net gain on sale of equities	7,791	4,827
Amortization of unrealized net gain on equities	205	12,628
Write-down of investments	(5,743)	(3,262)
	$145,960	$152,937

10. PROVINCE OF ALBERTA

Reimbursement was received from the General Revenue Fund of the Province of Alberta to cover payment of legislative increases for pre-1974 pensions paid to March 31, 1990. Effective April 1, 1990, the Workers' Compensation Board assumed the liability for these costs as described in Note 14.

11. CLAIM COSTS

Claim costs are as follows: (in thousands of dollars)

	Self-Insurers	Industry 1990	Industry Prior Years	1990 Total	1989 Total
Pension awards	$4,408	$ 14,314	$ 97,896	$116,618	$113,929
Less:					
Pension award recoveries	—	—	1,333	1,333	616
	4,408	14,314	96,563	115,285	113,313
Compensation	1,371	60,048	83,803	145,222	126,086
Vocational rehabilitation	545	1,395	27,760	29,700	22,000
Medical aid	1,908	26,620	41,515	70,043	53,793
	$8,232	$102,377	$249,641	$360,250	$315,192

Medical aid includes reimbursements to the Alberta Health Care Insurance Fund for payment of basic health services provided to injured workers in the amount of $15,288,000 (1989 — $13,501,000). Also included are charges in the amount of $10,323,000 (1989 — $6,343,000) for medical services and treatment of injured workers at the Rehabilitation Centre.

12. OCCUPATIONAL HEALTH AND SAFETY

The Workers' Compensation Board reimburses the Provincial Treasurer a portion of the costs of administering the Occupational Health and Safety Act.

13. SAFETY ASSOCIATION AND RESEARCH GRANTS

Grants are provided to employer groups and researchers to assist and study means of improving the workplace and minimizing the effects of work related injuries.

14. EXTRAORDINARY ITEM

As a result of a change to legislation on July 5, 1990, the Workers' Compensation Board assumed liability for pre-1974 pension increases. The actuarial liability in respect of the increases, included in the liability for claims, is $206,900,000. To partially offset the costs of this liability, $41,150,000 shall be recovered from the General Revenue Fund of the Province of Alberta over a 5 year period ending on March 31, 1995. The difference between the amount of liability assumed and the costs to be recovered result in the extraordinary item of $165,750,000 in the Statement of Operations and Fund Balance.

15. COMPARATIVE FIGURES

The 1989 figures are reclassified where necessary to conform to 1990 presentation.

SCHEDULE OF INVESTMENTS

SCHEDULE 1

As at December 31, 1990
(in thousands of dollars)

	1990		1989	
	Book Value	Market Value	Book Value	Market Value
Bonds				
Government of Canada and Provincial guaranteed	$ 643,812	$ 644,043	$ 644,446	$ 663,364
Corporate	82,985	81,201	88,627	89,963
Coupons and residuals	29,644	26,436	29,464	28,062
	756,441	751,680	762,537	781,389
Mortgages				
N.H.A. guaranteed	79,954	77,140	51,585	52,835
Commercial	53,577	55,220	53,357	56,313
	129,531	132,360	104,942	109,148
Real estate	64,128	76,190	44,158	53,649
Equities	425,094	466,309	314,828	426,238
Term deposits	204,809	201,994	253,039	251,096
	$1,580,003	$1,628,533	$1,479,504	$1,621,520

SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES — SCHEDULE 2

For the Year Ended December 31, 1990
(in thousands of dollars)

	1990	1989
ADMINISTRATIVE		
Salaries and benefits	$50,185	$38,281
Professional fees	9,688	3,477
Data processing and office equipment rentals and maintenance	7,559	4,576
Depreciation and amortization	6,552	4,643
Maintenance, rental and operation of buildings	3,595	2,223
Printing and office supplies	2,178	2,553
Travel	1,145	952
Memberships, publications, courses and seminars	1,034	839
Postage and freight	815	687
Media productions and advertising	798	231
Telephone	776	733
Staff recruitment and relocation	549	1,063
Amortization of information system management	547	—
Taxes	357	336
Insurance and security services	288	166
Bank service fees	169	122
Miscellaneous	178	158
	86,413	61,040
Deduct:		
Legal services revenue	891	378
Rental revenue	40	73
Miscellaneous revenue	176	236
	1,107	687
	85,306	60,353
GENERAL		
Provision for doubtful assessments	1,189	870
Administrative claim costs	547	451
Alberta Health Care administration cost	225	225
Information systems management transition costs	101	—
	2,062	1,546
TOTAL ADMINISTRATIVE AND GENERAL EXPENSES	$87,368	$61,899

SCHEDULE OF MEDICAL SERVICES AND REHABILITATION CENTRE OPERATIONS

SCHEDULE 3

For the Year Ended December 31, 1990
(in thousands of dollars)

	1990	1989
Salaries and benefits	$ 9,141	$7,849
Maintenance and operation of building and equipment	419	551
Medical consulting fees	302	260
Depreciation	267	239
Medical and therapy supplies	218	485
Memberships, publications, courses and seminars	123	108
Staff recruitment and relocation	118	66
Printing and office supplies	117	116
Telephone	69	92
Travel	58	65
Cafeteria	57	27
Transportation of patients	56	55
Laundry service and uniforms	45	34
Miscellaneous	19	45
	11,009	9,992
Deduct:		
Charged to medical aid claim costs	10,323	6,343
LOSS FROM OPERATIONS	$ 686	$3,649

Morris E. Bahry
Chairman of the Appeals Commission
and Chief Appeals Commissioner

It is with great pleasure and a certain amount of pride that I report to you, our stakeholders, on the Appeals Commission of The Workers' Compensation Board of Alberta.

The Appeals Commission, which came into being through legislation on November 1, 1988, functions as a body to hear appeals that are brought before it under the Workers' Compensation Act. On a day-to-day basis, the Appeals Commission operates at arms length, independent of the Workers' Compensation Board. The purpose is to provide the opportunity for workers and employers of the Province of Alberta to have their appeals heard by one of the commission's appeal panels. The commissioners are appointed by Order-In-Council for a term of either one or five years.

Appeals arise from decisions of the Claims Services Review Committee or the Assessment Review Committee. The Appeals Commission has exclusive jurisdiction over appeals, and its decisions are not open to question or review by any court. The Appeals Commission is not bound by precedent.

Since 1988, many initiatives were undertaken by the Appeals Commission staff to improve service to all appellants. Prior to the establishment of the commission, appellants had very lengthy waiting periods to obtain an appeal decision. Often times these appeals sat for almost 18 months prior to being addressed. Appeals are now addressed, for the most part, within 90 to 120 days from the receipt of the appeal to the production of the decision document.

The Appeals Commission now operates on a streamlined basis with four hearing panels in operation at any given time. These panels travel to other areas on a scheduled basis to ensure that all workers and employers within the Province of Alberta are treated fairly and in a timely manner.

During the latter part of 1990 the Appeals Commission completed a set of Appeals Management Guidelines to ensure that appeals are dealt with consistently throughout the commission. These guidelines cover every aspect of the appeal process and ensure that standards are met and delays are not incurred unnecessarily.

The Appeals Commission continues to operate in an environment that is non-intimidating and conducive to the fair and open exchange of information. Hearings are not legalistic, inhibiting or adversarial.

The Appeals Commission continues to conduct all hearings on an "in-camera" basis, meaning that only interested parties to the appeal may attend.

As the nature of appeals continue to become more complex, I have every confidence that the staff of the Appeals Commission will continue to rise to, and meet, any challenges or new experiences presented to the commission.

Morris E. Bahry

ACTIVITY HIGHLIGHTS 1990

Commission Staffing Streamlined

Experience throughout the latter part of 1988, 1989, and the early part of 1990 indicated a need to streamline the number of commissioners required to actively address the number of appeals received. This streamlining was completed and the Appeals Commission maintains a flexible number of Appeals Commissioners and support staff to actively address appeals received.

Hearing Panels Regrouped

Early in 1990, four hearing panels were established to conduct appeals on a day-to-day basis.

Each panel is comprised of a chairman and two commissioners with either an industry or labour background. Two registrars and a panel secretary are assigned to each team to provide continuity and assist in team building. This increases the speed in which hearings are completed, decisions rendered, and documentation completed.

Increase in Appeals Heard

During 1990 the Appeals Commission conducted 595 face-to-face hearings. This is a substantial increase over the 495 hearings conducted during 1989.

Reduced Processing Time

The commission, during 1990, achieved a consistent processing time of 90 to 120 days from the time an appeal is received to the hearing of the appeal and a subsequent decision.

Further initiatives are being undertaken throughout 1991 to further streamline this process.

Enhanced Computer Applications

The Appeals Commission database continues to be updated as need arises. Word processing on personal computers was implemented throughout the Appeals Commission to ensure the best facilities available are in use for timely correspondence and decision document completion.

Appeals Management Procedure Guidelines

The commission required written Appeals Management Procedures to clearly outline its operations and ensure consistent decision making. A dedicated task force was appointed to formalize these policies and procedures in as short a time frame as possible. With the commitment of all appeals commission staff who assisted the task force, the guidelines were completed promptly.

Administrative guidelines to complement the Appeals Management Procedures are being prepared.

Appeal Innovations

In an effort to ensure that all appeals were dealt with to the satisfaction of those concerned, the Appeals Commission was flexible in its approach in conducting hearings. One example was an inquiry style hearing which lasted one full week. This was necessary to satisfy all the criteria of natural justice and to ensure that the respective appellants and all interested parties were heard.

A travel schedule was established for the respective panels so that it could be determined at any given time where a panel would be at any time of the year.

New Experiences

Many of the changes undertaken at the Appeals Commission were new experiences for numerous Appeals Commission staff. Many had never worked in a close team environment before. This proved to be a learning experience for all concerned.

The Appeals Commission is also seeing more unusual appeals for medical conditions previously considered rare, including twentieth-century disease and stress related disorders.

APPEALS COMMISSION

	1990	1989
General		
Panel Meetings Held	595	495
Appeals		
Outstanding files at January 1	417	432
New Appeals received from operating divisions		
Claims Services Review Committee	624	609
Assessment Review Committee	3	4
Reconsiderations	56	150
Decisions		
Made	677	728
WCB Decisions completely upheld	345	394
WCB Decisions partially upheld	84	*
WCB Decisions overturned	248	334
Decisions pending**	67	185
Appeals outstanding at December 31	224	282

*No 1989 figures are available for partially supported decisions.
**Files returned to the corporation for medical examination or for more information.

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